



GSA Federal Technology Service

What is the Information Technology Fund?

Customer agencies have enjoyed over the years the funding flexibility permitted by the General Services Administration (GSA) Information Technology Revolving Fund which allows funds to be obligated for the life of a project rather than being subject to the fiscal year time restrictions imposed by the Economy Act. The following question has been asked many times by our customers: *"For several years, GSA has administered an Information Technology Revolving Fund, through which it purchases IT resources for other agencies. Will the repeal of the Brooks Act affect the use of this fund"*

Effective Aug. 8, 1996, Congress replaced the Brooks Act with the new, significantly more limited Information Technology Management Reform Act (ITMRA) of 1995. However, the new act does not affect GSA's operations under its IT Fund authority. We hope the following summaries prepared by the Office of Information Technology and GSA Office of General Counsel will help clarify GSA's authorities.

Economy Act vs IT Management Reform Act

Pursuant to its designation as an Executive Agent by the Director of the Office of Management and Budget, GSA has continued several programs to provide Information Technology to agencies, including the provision of services under interagency agreements. Agency use of a GSA programs such as Federal Systems Integration and Management Center (FEDSIM), Federal Computer Acquisition Center (FEDCAC), and IT Solutions programs are subject to the procedures established by GSA pursuant to the OMB designation under section 5112(g) of the Information Technology Management Reform Act (ITMRA). Interagency agreements entered into under the authority of the ITMRA are independent of the Economy Act and are not subject to the fiscal year restrictions contained in the Economy Act. That is to say that the funds obligated for the bona fide need at the execution of the interagency agreement are available for the entire period of performance, even if such performance crosses fiscal years.

The Economy Act, 31 U.S.C. 1535, permits agencies to place orders for goods and services with other agencies. The Economy Act requires that funds shall only be available for the particular year in which the services are performed. The funds cannot cross fiscal years in availability to support an Economy Act interagency agreement. FEDSIM, FEDCAC, and IT Solutions interagency agreements are executed under the authority of the ITMRA, and thus are controlled by the ITMRA and not the Economy Act.

Fiscal Year Boundaries

Funds which an agency obligates under a binding interagency agreement with GSA for the use of FEDSIM, FEDCAC, and IT Solutions programs are obligated against the Information Technology (IT) Fund, which is a revolving fund established pursuant to 40 U.S.C. 757. That statute provides that funds obligated against the IT Fund are available without fiscal year limitation. For the obligation by the requiring agency to be valid: (1) the funds must be available for obligation by the requiring agency; (2) GSA and the client agency must sign a binding interagency agreement; and, (3) the agency must have a bona fide, current need for the goods or services to be provided by GSA at the time the agency enters the interagency agreement.

In subsequent fiscal years, the agency must continue to have a need for the requirements described in the interagency agreement. If no further need for the requirements exists or the requirements are not within the scope of the interagency agreement, any remaining uncommitted funds must be de-obligated from the IT Fund.

GSA may utilize an agency's funds obligated to the IT Fund for any purpose within the scope of the interagency agreement that serves as the obligating document. Uncommitted funds remaining from any project may be used for a second project, provided that the second project is within the scope of the interagency agreement. It is important to remember, however, the interagency agreement which underlies resulting task orders must be for the bona fide need of the agency at the time of execution. If the new project is not within the scope of the interagency agreement, remaining uncommitted funds from the original project may not be used.

Valid Obligation

An agency may validly record an obligation at the time it enters into a binding written interagency agreement with GSA. There does not have to be a contract or task order in place because the interagency agreement itself is in the nature of a contract.

The obligation is valid, since under the agreement, GSA must commence performance, the cost of which must be reimbursed by the using agency.

GSA can bill in advance of the time when services are rendered based upon the estimated cost of such services. Advanced billing is done only with the concurrence and understanding of the agency.